

**NEW AMERICA**

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F O U N D A T I O N

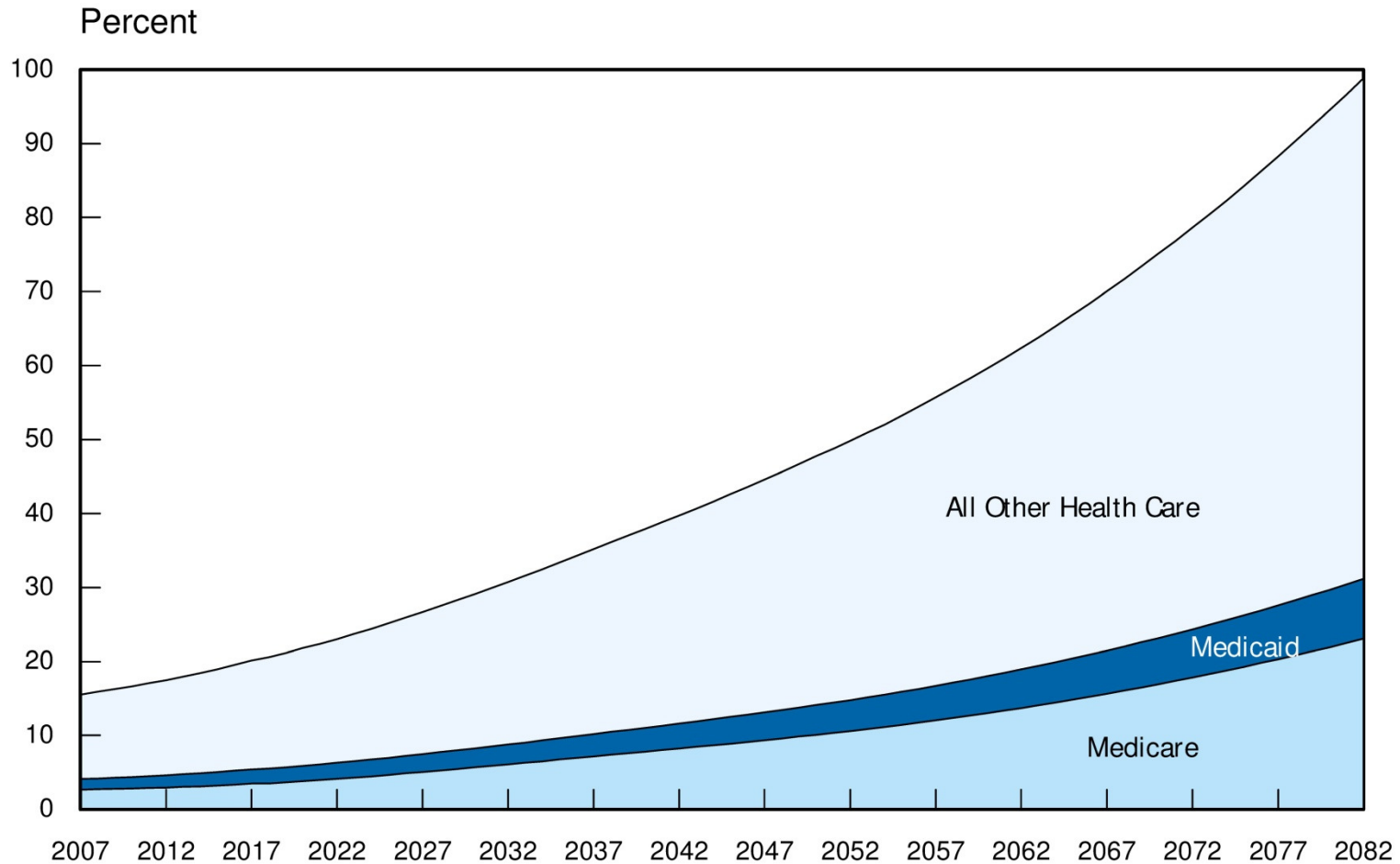
**Overtreated:** Why too much  
medicine is making us sicker  
and poorer

December 17, 2007

Shannon Brownlee  
Schwartz Senior Fellow  
New America Foundation  
Washington, DC



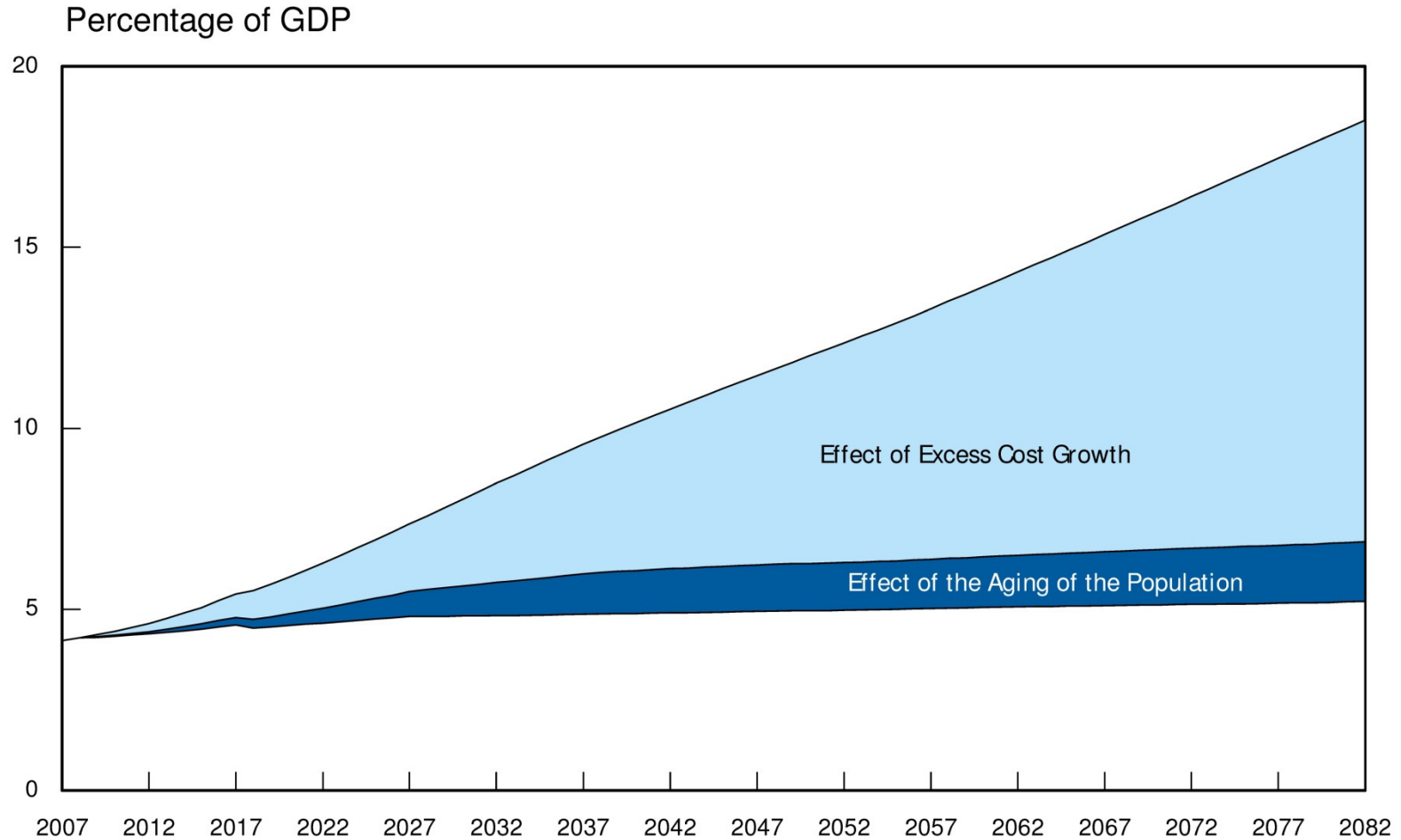
# Spending on Health Care as a Percentage of Gross Domestic Product Under an Assumption That Excess Cost Growth Continues at Historical Averages



Source: CBO

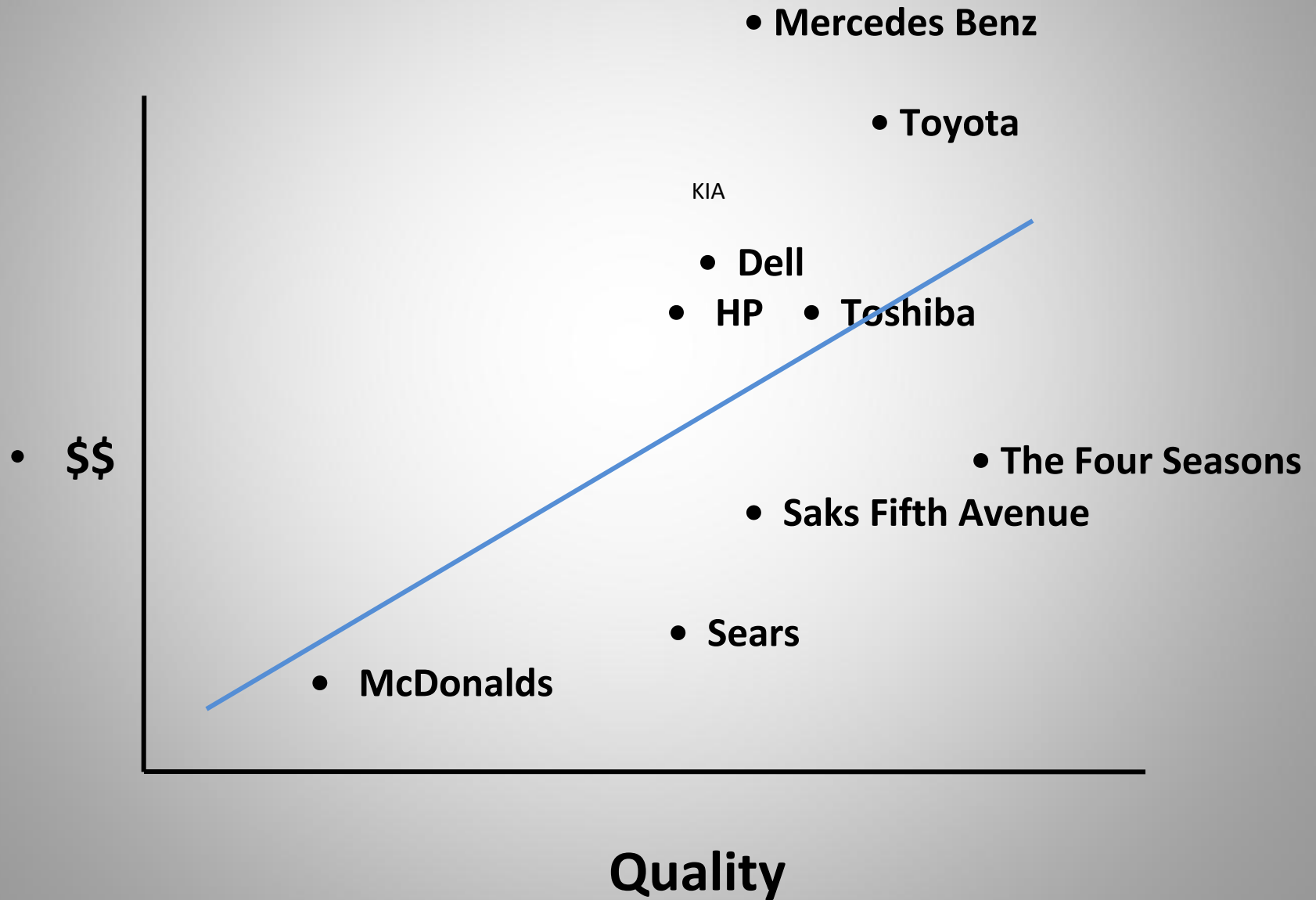


# Sources of Growth in Projected Federal Spending on Medicare and Medicaid



Source: CBO

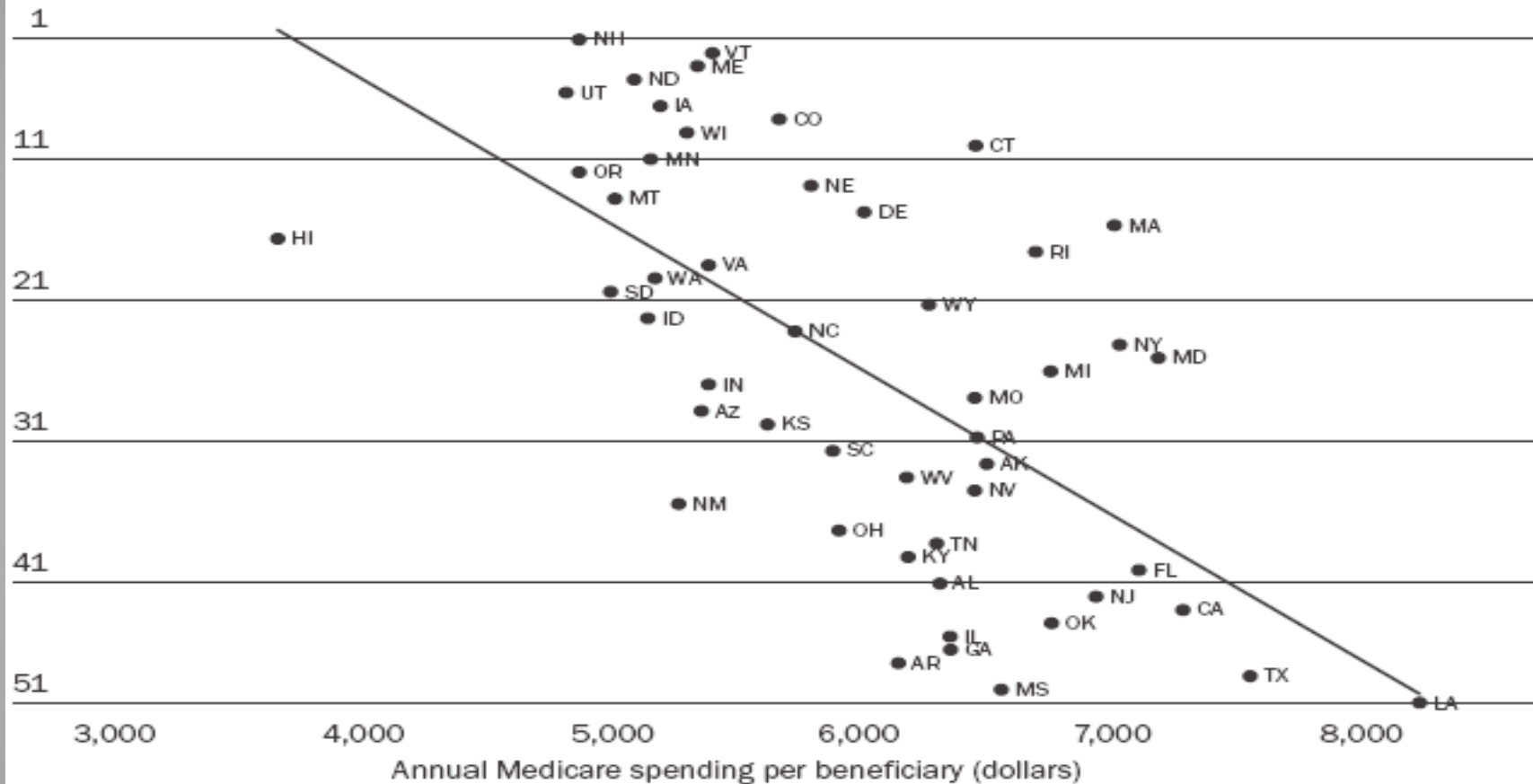
# COST and QUALITY



## EXHIBIT 1

### Relationship Between Quality And Medicare Spending, As Expressed By Overall Quality Ranking, 2000–2001

Overall quality ranking

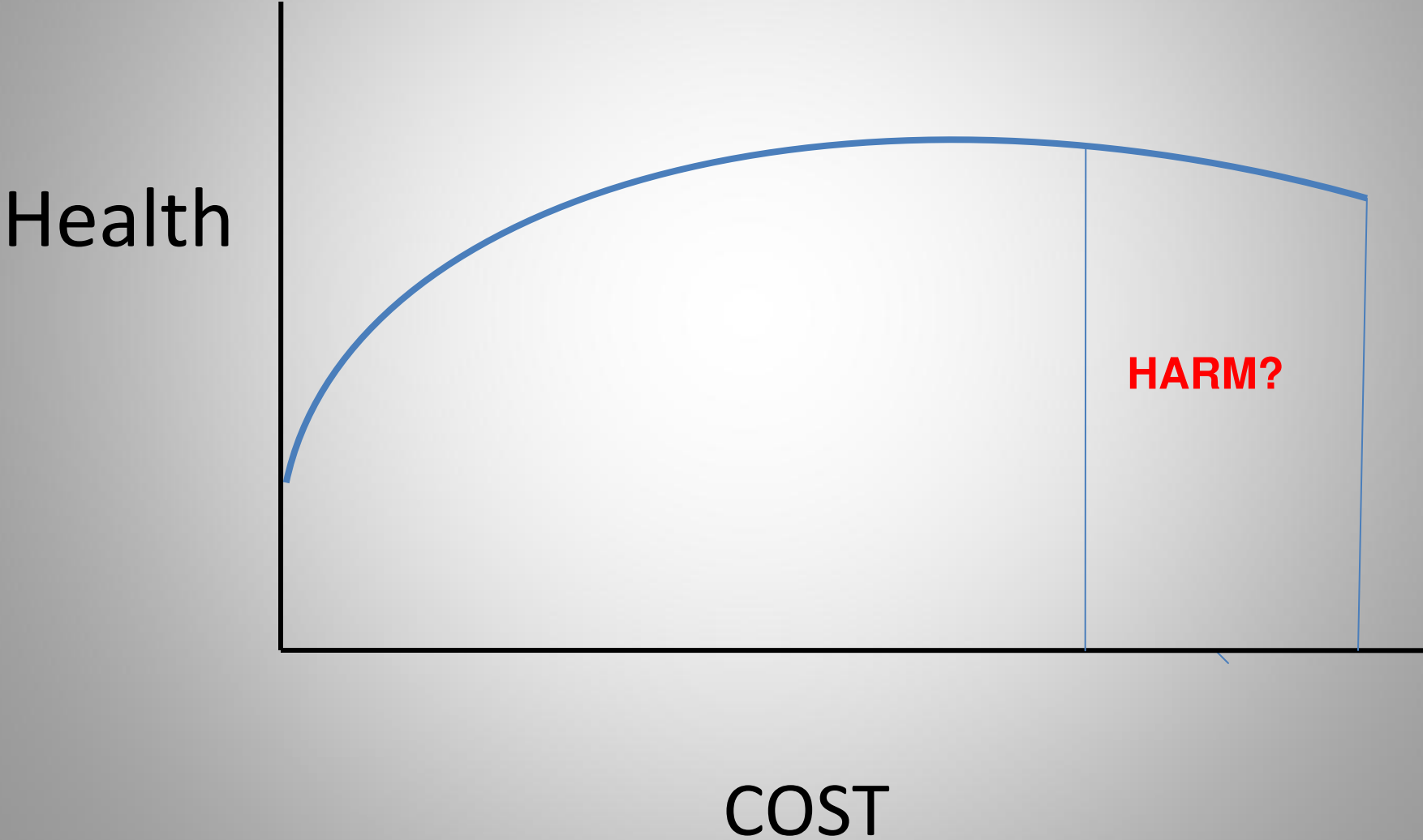


**SOURCES:** Medicare claims data; and S.F. Jencks et al., "Change in the Quality of Care Delivered to Medicare Beneficiaries, 1998–1999 to 2000–2001," *Journal of the American Medical Association* 289, no. 3 (2003): 305–312.

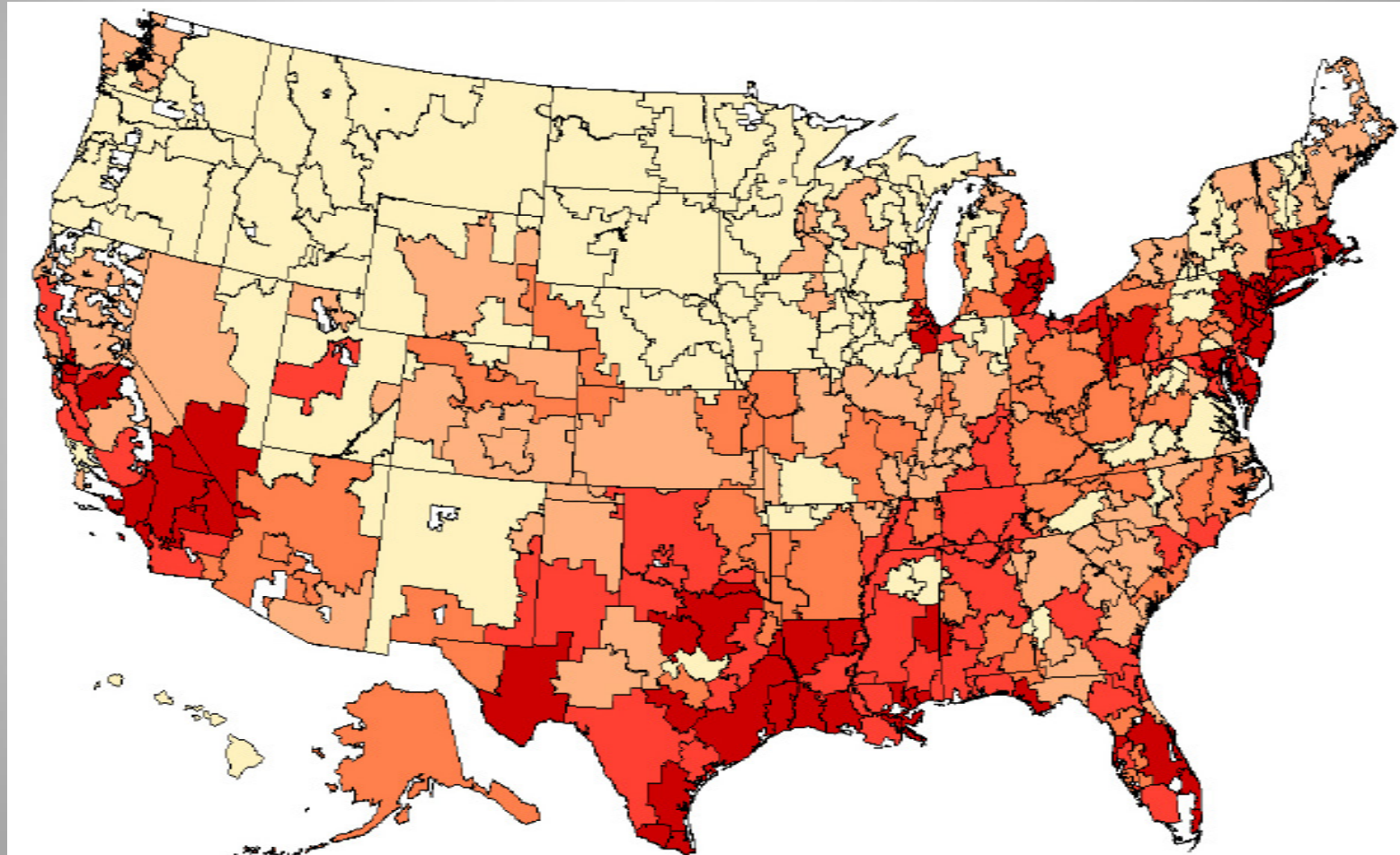
**NOTE:** For quality ranking, smaller values equal higher quality.

Katherine Baicker and Amitabh Chandra, "Medicare Spending, The Physician Workforce, And Beneficiaries' Quality Of Care," *Health Affairs* web exclusive 07 April 2004

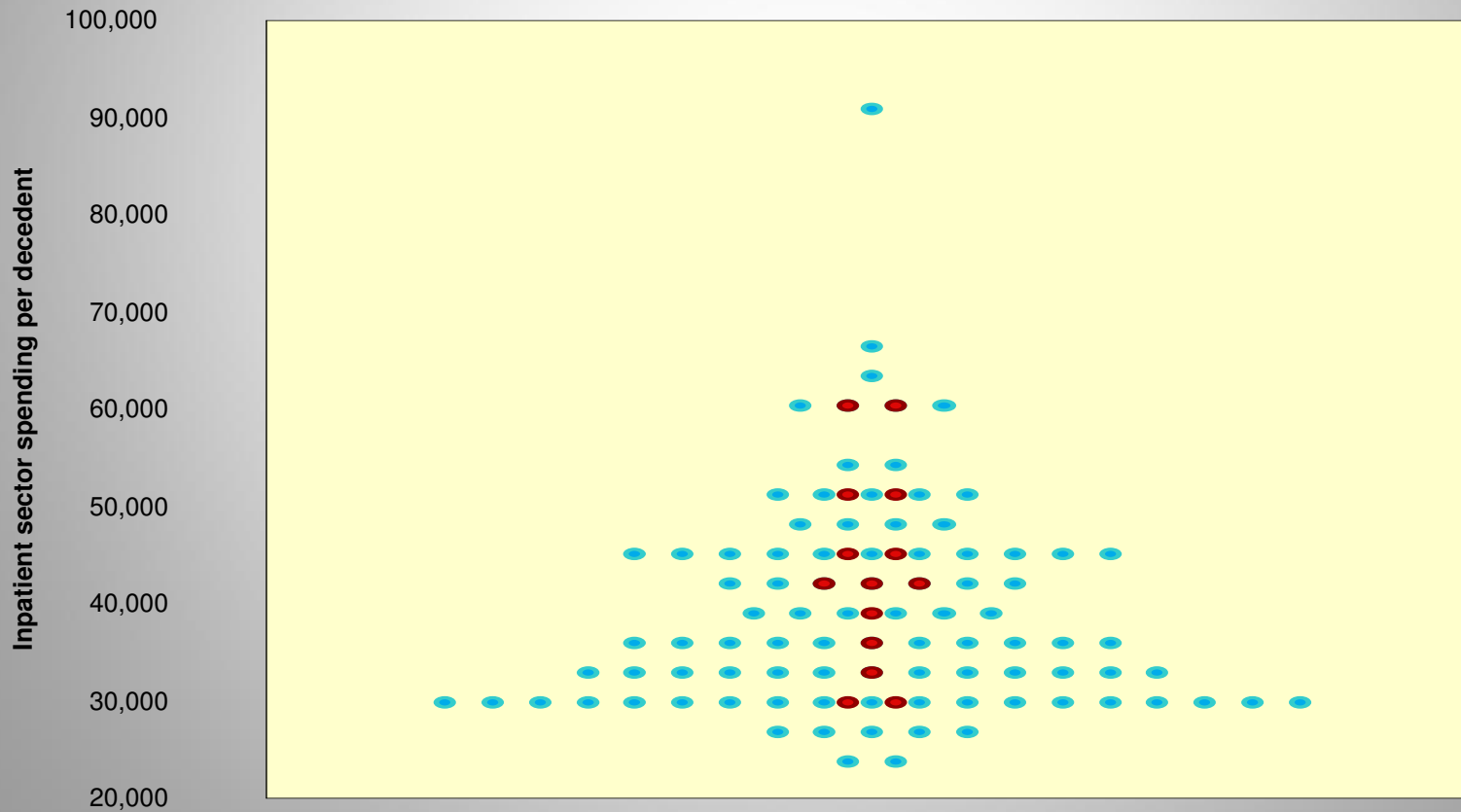
# Flat of the Curve Medicine



# Medicare Spending per Capita in the United States, by Hospital Referral Region, 2003



# Medicare Spending During Inpatient Hospitalizations per Decedent in the Last Two Years of Life Among Patients with At Least One of Nine Chronic Conditions



Source: Dartmouth Atlas

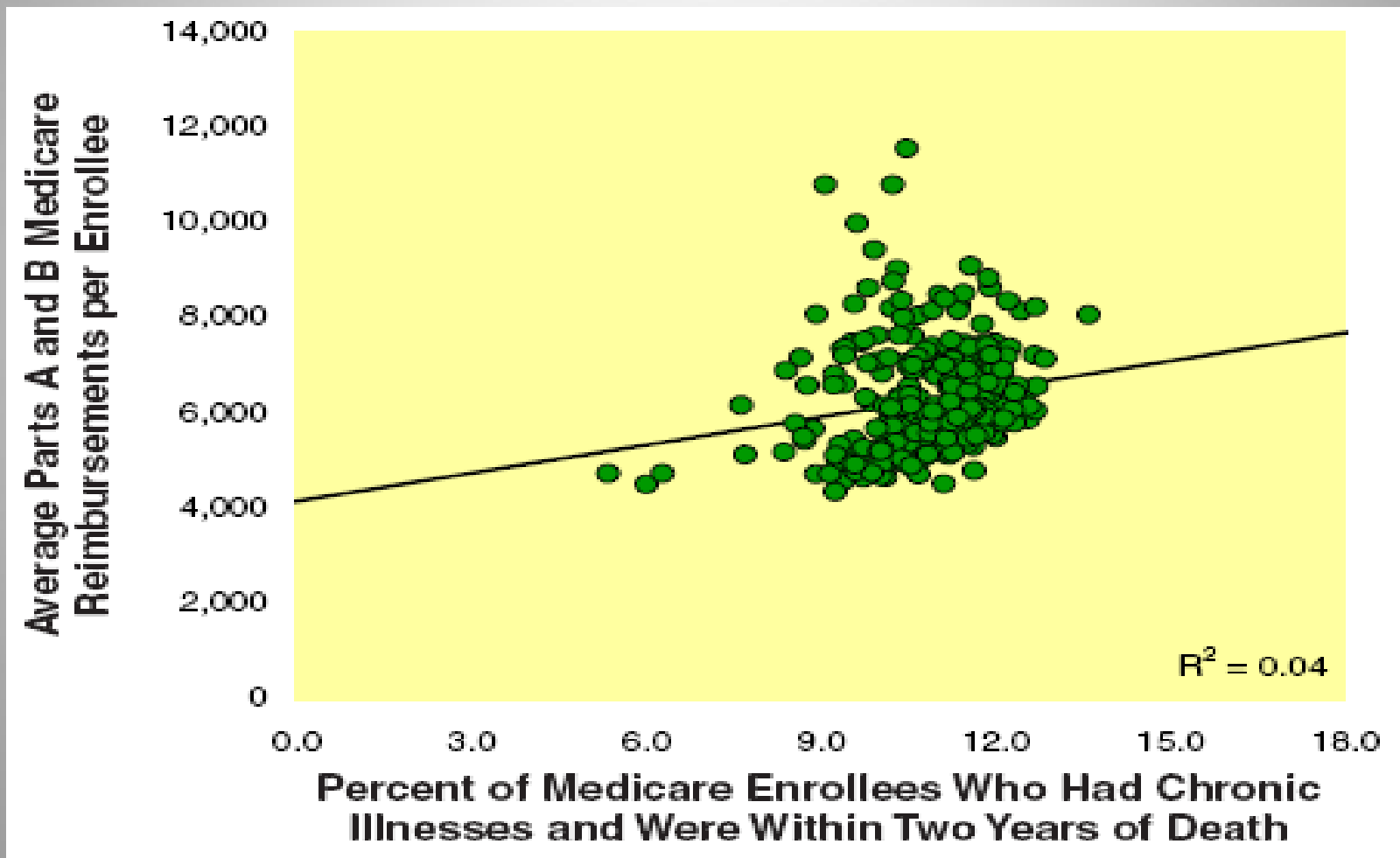
What can account for the  
four-fold variation in  
spending we see among  
hospitals and regions?

*It isn't price*

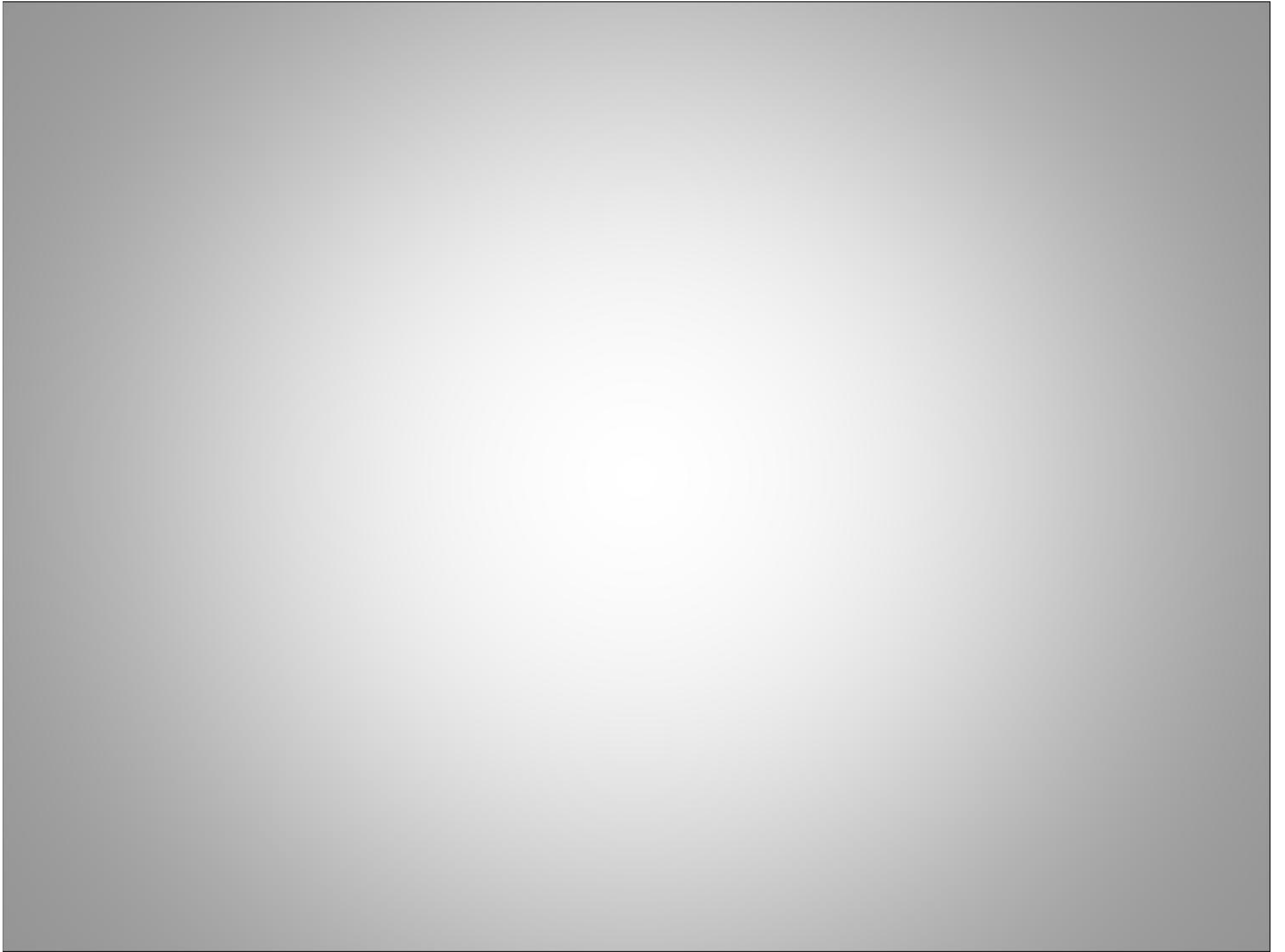
Maybe the variation in spending we see among hospitals and regions is due to variation in ***illness***.

*“Our patients are sicker”*

# Relationship Between the Prevalence of Severe Chronic Illness and Medicare Parts A and B Reimbursements per Enrollee (2000-01)



Source: Dartmouth Atlas



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